

FILED

2007 OCT 10 A 0:23

GERALD E. FUERST
CLERK OF COURTS
CUYAHOGA COUNTY

IN THE COURT OF COMMON PLEAS
CUYAHOGA COUNTY, OHIO

Nancy J. Amantea
11248 Norton Drive
Chesterland, Ohio 44026

And

Carmen P. Arrigo
11248 Norton Drive
Chesterland, Ohio 44026

And

Jeffrey H. Berry
1894 Surrey Place
Gates Mills, Ohio 44040

And

George Bostick IV
537 Myrtle Road
Naples, Florida 34108

And

Steven A. Calabrese
1110 Euclid Avenue, Suite 300
Cleveland, Ohio 44115

And

Complaint
TIMOTHY MCCORMICK
CV 07 638228
JUDGE

\$ <u>110.00</u>	DEPOSITED
OCT 10 2007	
SECURE COSTS	
GERALD E. FUERST, Clerk of Courts	
PER <u>[Signature]</u>	DEPUTY

EXHIBIT

A

tabbles

Raquel Castro
64 Eldred Avenue
Bedford, Ohio 44146

And

Sheldon Gordon
3450 Green Road
Beachwood, Ohio 44122

And

CCAG, Ltd.
1110 Euclid Avenue, Suite 300
Cleveland, Ohio 44115

And

Domenic D. Ciricillo
6091 Castlehill Drive
Highland Heights, Ohio 44143

And

James M. Ciricillo
6091 Castlehill Drive
Highland Heights, Ohio 44143

And

Linda Ciricillo
6091 Castlehill Drive
Highland Heights, Ohio 44143

And

Mary Ciricillo
797 Village Trail
Gates Mills, Ohio 44040

And

Coffee King, Inc.
c/o Frank Regalbuto
797 Village Trail
Gates Mills, Ohio 44040

And

Horace Consolo
8000 Eagle Road
Kirtland, Ohio 44094

And

John Consolo, Jr.
777 Village Circle
Gates Mills, Ohio 44040

And

John Consolo, Sr.
777 Village Circle
Gates Mills, Ohio 44040

And

Joseph Consolo
777 Village Circle
Gates Mills, Ohio 44040

And

Thomas Consolo
777 Village Circle
Gates Mills, Ohio 44040

And

Mary D'Angelo
1913 East 123rd Street
Cleveland, Ohio 44106

And

Nicole Delauro
1367 Clearview Road
Lyndhurst, Ohio 44124

And

Susan Russell Giordano
199 Willow Lane
Chagrin Falls, Ohio 44022

And

David Koski
6320 Longspur Road
Highland Heights, Ohio 44143

And

Robert J. Kups
33411 Cedar Road
Mayfield Heights, Ohio 44124

And

Michael LaMonica
19608 Thornridge Avenue
Cleveland, Ohio 44135

And

Robert LaMonica
1534 Rockefeller Road
Wickliffe, Ohio 44092

And

Virginia LaMonica
9491 Ridgeside Road
Mentor, Ohio 44060

And

Frank Laricca, Jr.
5130 Parkside Trail
Solon, Ohio 44139

And

Donald Lombardo
511 Jeanette Road
Richmond Heights, Ohio 44143

And)

Anthony Lorello)

8110 Sandstone Drive)

Sagamore Hills, Ohio 44067)

And)

Barbara Madrigal)

64 Eldred Avenue)

Bedford, Ohio 44146)

And)

Rodrigo Madrigal, Jr.)

8003 Goldenrod Lane)

Bensalem, Pennsylvania 19020)

And)

Charles J. Magistro)

67 Spring Hill Circle)

Wayne, New Jersey 07470)

And)

Grace McKibben)

1925 East 123rd Street)

Cleveland, Ohio 44106)

And)

Barbara Russell Melzer)

122 Colony Road)

Darien, Connecticut 06820)

And)

James Mitchell)

11511 Heath Road)

Chesterland, Ohio 44026)

And)

Angela Molitoris)

381 West St. Andrews Drive)

Highland Heights, Ohio 44143

And

Robert Montanari
7632 Westlake Boulevard
Kent, Ohio 44240

And

David E. Nager
574 Charles Place
Highland Heights, Ohio 44143

And

Carmen Parise
386 West Glen Eagle Drive
Highland Heights, Ohio 44143

And

Charles Parise
4550 Edmund Drive
South Euclid, Ohio 44121

And

Basil Perin, Jr.
12060 Parker Drive
Chesterland, Ohio 44026

And

Paul Perrotti
1414A Golden Gate Boulevard #20
Mayfield Heights, Ohio 44124

And

Dan Petrich
6220 Inland Shores Drive
Mentor, Ohio 44060

And

Frank Regalbuto
797 Village Trail
Gates Mills, Ohio 44040

And

Frank Regalbuto, Jr.
31100 Ainsworth Drive
Pepper Pike, Ohio 44124

And

Frank Regalbuto, Jr. (As Parent and Next Friend
of Avalon Regalbuto, a minor)
31100 Ainsworth Drive
Pepper Pike, Ohio 44124

And

Frank Regalbuto, Jr. (as Parent and Next Friend
of Delilah Regalbuto., a minor)
31100 Ainsworth Drive
Pepper Pike, Ohio 44124

And

Frank Regalbuto, Jr. (as Parent and Next Friend
of Frank Regalbuto III, a minor)
31100 Ainsworth Drive
Pepper Pike, Ohio 44124

And

Frank Regalbuto, Jr. (as Parent and Next Friend
of Marco Regalbuto, a minor)
31100 Ainsworth Drive
Pepper Pike, Ohio 44124

And

Frank Regalbuto, Jr. (as Parent and Next Friend
of Nina Regalbuto, a minor)
31100 Ainsworth Drive
Pepper Pike, Ohio 44124

And

Joseph Regalbuto, Sr.
7900 Gates Mills Estates
Gates Mills, Ohio 44040

And

Joseph Regalbuto, Sr. (as Parent and Next Friend
of Joseph Regabuto Jr., a minor)
7900 Gates Mills Estates
Gates Mills, Ohio 44040

And

Michael Regalbuto, Sr.
769 Village Trail
Gates Mills, Ohio 44040

And

Michael Regalbuto, Sr. (as Parent and Next Friend
of Donte Regalbuto, a minor)
769 Village Trail
Gates Mills, Ohio 44040

And

Michael Regalbuto, Sr. (as Parent and Next Friend
of Gabriele Regalbuto, a minor)
769 Village Trail
Gates Mills, Ohio 44040

And

Michael Regalbuto, Sr. (as Parent and Next Friend
of Isabel Regalbuto, a minor)
769 Village Trail
Gates Mills, Ohio 44040

And

Michael Regalbuto, Sr. (as Parent and Next Friend
of Michael Regalbuto, Jr., a minor)
769 Village Trail
Gates Mills, Ohio 44040

And)

Frank Regalbuto, Jr. (as Parent and Next Friend)
of Rachele Regalbuto, a minor)
31100 Ainsworth Drive)
Pepper Pike, Ohio 44124)

And)

Joseph Regalbuto, Sr. (as Parent and Next Friend)
of Nicholas Regalbuto, a minor)
7900 Gates Mills Estates)
Gates Mills, Ohio 44040)

And)

Michael Regalbuto, Sr. (as Parent and Next Friend)
of Renee Regalbuto, a minor)
769 Village Trail)
Gates Mills, Ohio 44040)

And)

Reggie Homes, Incorporated)
797 Village Trail)
Gates Mills, Ohio 44040)

And)

Gina Rosson)
c/o JoAnn Consolo)
777 Village Circle)
Gates Mills, Ohio 44040)

And)

Jane K. Russo)
1930 Gulf Shore Boulevard)
Naples, Florida 34102)

And)

Frank Salvo)
7561 Northwoods Court)
Concord, Ohio 44077)

And

Cristie Sciuva

37455 Fox Run

Solon, Ohio 44139

And

Ray Sciuva

37375 Fox Run

Solon, Ohio 44139

And

Salvatore Sciuva

7500 Liberty Road

Solon, Ohio 44139

And

Theresa Sciuva

37455 Fox Run

Solon, Ohio 44139

And

Albert Thomas Skinner

1435 Bethlehem Road

Paris, Kentucky 40361

And

Betty Susteric

15123 Trails Landing

Strongsville, Ohio 44136

And

Ted Teresczuk Trust

13410 Ledgebrook Lane

Chagrin Falls, Ohio 44022

And

Gae Teresczuk

13410 Ledgebrook Lane

Chagrin Falls, Ohio 44022

And

Charles Valentine
7243 Pelican Bay Boulevard
Naples, Florida 34108

And

Virginia Vitantonio
2110 Murray Hill Drive
Cleveland, Ohio 44106

And

Carol Voase
11322 Glen Eagle Court
Concord, Ohio 44077

And

Charlene M. Warner
35049 North Turtle Trail, Unit D
Willoughby, Ohio 44094

And

West Asphalt Paving Company
6829 Eastland Road
Middleburg Heights, Ohio 44130

And

Paulette York
5355 Summit Road
Lyndhurst, Ohio 44124

Plaintiffs

v.

David A. Dadante
4630 Jefferson Court
South Euclid, Ohio 44143

COMPLAINT
(Plaintiffs Demand A Trial By

And)
)
Stephen Glantz)
c/o Angelo Lonardo, Esq.)
75 Public Square, Suite 800)
Cleveland, Ohio 44113)
And)
)
Advest, Inc.)
90 State House Square)
Hartford, Connecticut)
)
And)
)
Everin)
c/o Wachovia Securities LLC.)
Riverfront Plaza)
901 East Byrd Street)
Richmond, Virginia 23219)
)
And)
)
Ferris Baker Watts, Incorporated)
100 Light Street)
Baltimore, Maryland 21202)
)
And)
)
John Belgrade)
c/o Ferris, Baker, Watts, Incorporated)
100 Light Street)
Baltimore, Maryland 21202)
)
And)
)
Mark La Verghetta)
c/o Ferris, Baker, Watts, Incorporated)
100 Light Street)
Baltimore, Maryland 21202)
)
And)
)
H & R Block Financial Advisors, Inc.)
Investor Center)
4400 Blue Parkway)
Kansas City, Missouri 64130)

And
McDonald & Company Investments
800 Superior Avenue E
Cleveland, Ohio 44114

And
Merrill Lynch & Co., Inc
4 World Financial Center
250 Vesey Street
New York, New York 10080

And
Pershing, LLC
P.O Box 2065
Jersey City, New Jersey 07303-2065

And
Wachovia Securities LLC
Riverfront Plaza
901 East Byrd Street
Richmond, Virginia 23219

Defendants

COUNT ONE

(Violation of Section 10 (b) of the Securities and Exchange Act of 1934, 15 U.S.C. Section 10j
(b) and Securities And Exchange Commission Rule 10b-5, 17 C.F.R. 240.10b-5 by Dadante,
Glantz, Belgrade and La Verghetta, H & R Block Financial Services, Inc., McDonald &
Company, Merrill Lynch, Pershing and Wachovia)

1. Plaintiffs are individuals or business entities residing or having their principal places of business at the addresses contained in the caption.
2. Defendant David A. Dadante ("Dadante") is an individual presently residing at 4630 Jefferson Court, South Euclid, Ohio 44143.
3. Defendant Stephen Glantz ("Glantz") is an individual whose address is c/o Angelo Lonardo, Esq., 75 Public Square, Suite 800 Cleveland, Ohio 44113.
4. Defendant Advest, Inc. ("Advest") is a corporation having its principal place of business at 90 State House Square, Hartford, Connecticut. At all times material to this action Advest was a stock brokerage firm.
5. Defendant Everin is a corporation having its principal place of business at c/o Wachovia Securities LLC, Riverfront Plaza, 901 East Byrd Street, Richmond, Virginia 23219. At all times material to this action Everin was a stock brokerage firm.
6. Defendant Ferris Baker Watts, Incorporated ("FBW") is a corporation having its principal place of business at 100 Light Street, Baltimore, Maryland 21202. At all times material to this action FBW was a stock brokerage firm.
7. Defendant John Belgrade ("Belgrade") is an individual having an office at 100 Light Street, Baltimore, Maryland 21202. At all times material to this action Belgrade was employed as a trader by FBW.
8. Defendant Mark La Verghetta ("La Verghetta") is an individual having an office at 100 Light Street, Baltimore, Maryland 21202. At all times material to this action La Verghetta was employed as a trader by FBW.

9. Defendant H & R Block Financial Advisors, Inc. ("H & R Block") is a corporation having its principal place of business at Investor Center 4400 Blue Parkway, Kansas City, Missouri 64130. At all times material to this action H & R Block was a stock brokerage firm.
10. Defendant McDonald & Company Investments ("McDonald") is a corporation having its principal place of business at 800 Superior Avenue E., Cleveland, Ohio 44114. At all times material to this action McDonald was a stock brokerage firm.
11. Defendant Merrill Lynch & Co., Inc. ("Merrill Lynch") is a corporation having its principal place of business at 4 World Financial Center, 250 Vesey Street, New York, New York 10080. At all times material to this action Merrill Lynch was a stock brokerage firm.
12. Defendant Pershing LLC ("Pershing") is a corporation having its principal place of business at P.O. Box 2065, Jersey City, New Jersey 07303-2065. At all times material to this action Pershing was a stock brokerage firm.
13. Defendant Wachovia Securities, LLC. ("Wachovia") is a corporation having its principal place of business at Riverfront Plaza, 901 East Byrd Street, Richmond, Virginia 23219. At all times material to this action Wachovia was a stock brokerage firm.
14. Some time prior to 1998 Dadante, a resident of the Cleveland, Ohio area, created an investment vehicle that he called the IPOF fund. IPOF Fund, the name used by Dadante, was a "doing business as" designation for Coffee King, Inc., an Ohio corporation. Dadante actively promoted the

IPOF fund and managed the monies that were ultimately deposited with the IPOF fund. Dadante developed and distributed promotional literature and created a contract for use by persons who deposited money in the IPOF fund. As described by Dadante in the promotional literature relating to the IPOF fund that Dadante developed and distributed to depositors, the IPOF fund had a very specific and limited mission. Dadante specified both in the promotional literature and in the contract signed by depositors to the IPOF fund that money deposited in the IPOF fund would be used solely to purchase blocks of stock in initial public offerings which IPO stock was expected to rise in value quickly and would be sold by the IPOF fund almost immediately after purchase in order to generate significant profits. Dadante told IPOF fund depositors that he had strong connections at the highest levels of the securities industry and that those connections would alert Dadante as to which initial public offerings would generate significant profits for the IPOF fund. Dadante did not have such contacts and was not privy to any special information.

15. Each of the plaintiffs deposited money in the IPOF fund which money Dadante placed in bank accounts titled to Coffee King, Inc., received promotional literature relating to the IPOF fund from Dadante and signed a depositor's contract. In addition to delivering the aforescribed promotional literature to each of the plaintiffs, Dadante told each plaintiff that the IPOF fund would return in excess of twenty per cent (20%) per year to its depositors. Dadante did not tell plaintiffs that he was operating

a "Ponzi Scheme" and that money being paid to IPOF fund depositors as "returns" was derived from the deposits of other IPOF fund participants.

Dadante also told each of the plaintiffs that the IPOF fund monies would be kept in accounts established at Goldman, Sachs and at Merrill, Lynch which accounts would be insured up to Fifty Million Dollars (\$50,000,000.00) and that the IPOF fund monies in the Goldman, Sachs and Merrill, Lynch accounts would be used only (i) to purchase initial public offering stock, (ii) to return profits to IPOF fund participants and (iii) to pay the reasonable and necessary expenses of the IPOF fund including a reasonable management fee to Dadante. Dadante never placed any money deposited to the IPOF fund in accounts at either Merrill Lynch or Goldman, Sachs and did not truthfully report to plaintiffs what was being purchased with IPOF Fund money. Dadante prepared phony documents to hide his activities from plaintiffs.

16. Each of the plaintiffs, at the time of their initial deposits with Dadante in the IPOF fund, signed the agreement prepared by Dadante that memorialized the deposit and stated what Dadante could do with the deposited funds. In the document signed by each of the plaintiffs at the time he or she deposited money with Dadante, he or she was identified as "depositors" and Dadante was identified as the "President" of the IPOF fund. None of the plaintiffs signed any document that identified them as partners, limited or general, in any enterprise with which Dadante was affiliated.

17. Glantz, while employed at Advest, Everin and FBW, was a broker who handled certain stock trades that Dadante made with the money deposited with the IPOF fund, money that was held in accounts titled to Coffee King, Inc., which stock trades were undertaken by Glantz and Dadante without the knowledge and consent of plaintiffs as IPOF fund depositors. Glantz knew from whom Dadante had received the money that was in the IPOF fund and Glantz knew the extent of Dadante's authority to invest money deposited in the IPOF fund as had been stated by Dadante to depositors in the promotional literature and in the contract that IPOF fund depositors signed. Glantz and Dadante were aware that Dadante was using IPOF fund money to make those stock trades and that those trades were beyond the scope of Dadante's authority as the IPOF fund manager and were not suitable transactions for the IPOF fund. Glantz and Dadante knowingly engaged in activities using IPOF fund money which activities were designed to maximize the commission paid to Glantz due to stock trades made by Dadante and the IPOF fund. Glantz and Dadante knew that Dadante was not authorized to open accounts at Advest Everin and FBW using money the plaintiffs had deposited in the IPOF Fund. Dadante did not tell plaintiffs that he had opened accounts at Advest, Everin and FBW with IPOF fund money. Glantz knew that Dadante had never told plaintiffs that Dadante had used IPOF fund money to establish accounts at Advest, Everin and FBW.

18. Glantz and other persons employed by Advest, Everin and FBW knew that several officers and directors of a Georgia corporation called Innotrac, Corporation. ("Innotrac") had options to purchase Innotrac stock at relatively low prices. Innotrac stock was thinly traded and there was little or no market for the Innotrac stock that those officers and directors could purchase at favorable prices with their options. Those Innotrac officers and directors entered into an arrangement with Glantz and Dadante whereby Dadante knowingly used IPOF fund money to purchase large amounts of Innotrac stock from those officers and directors of Innotrac at artificially high prices thereby creating substantial profits for those Innotrac officers and directors and generating large commissions for Glantz and Advest, Everin and FBW. Dadante did not tell plaintiffs that he was using IPOF fund money to purchase shares of Innotrac. Glantz knew that Dadante was not authorized to use IPOF fund money to purchase shares of Innotrac and that Dadante did not tell plaintiffs that Innotrac shares were being purchased with IPOF fund money.
19. In or about 2002 Dadante with the knowing assistance of Glantz began using IPOF fund money to purchase the shares of Innotrac primarily from officers and directors of Innotrac. Glantz had prearranged with the Innotrac officers and directors for them to make their option shares of Innotrac available for purchase by Dadante with IPOF fund money. Virtually all of the Innotrac stock that Dadante purchased with IPOF fund money were shares that those Innotrac officers and directors had

purchased with their stock options and then made available for sale to Dadante. By the time that the plaintiffs discovered Dadante's improprieties relating to the IPOF fund, that discovery occurring in or about November 2005, Dadante had used IPOF fund money to purchase approximately Four Million Three Hundred Thousand (4,300,000) shares of Innotrac. To enable Dadante to maintain his position in Innotrac stock Glantz enlisted Belgrade and La Verghetta to assist him and Dadante in maintaining the price of Innotrac stock at an artificially high level. Glantz, Dadante, Belgrade and La Verghetta knowingly used methods that included, but were not limited to, the following to maintain Innotrac stock at an artificially high level.

- a. Marking the close;
- b. Numerous incremental purchases;
- c. Wash sales;
- d. Cross sales, and
- e. Artificial bids.

Belgrade and La Verghetta, as experienced traders, knew that the actions they were taking with regard to Dadante's accumulation of Innotrac shares were not proper. In or about March 2007 and in or about September 2007 plaintiffs discovered many more specifics about the methods knowingly used by Glantz, Dadante, Belgrade and La Verghetta to maintain Innotrac

shares at an artificially high price. Neither Dadante, Glantz, Belgrade nor La Verghetta advised plaintiffs of the methods being used to artificially maintain the price of the Innotrac shares purchased by Dadante using IPOF fund money.

20. The arrangement between Glantz, Dadante, Belgrade and La Verghetta whereby Dadante improperly using IPOF fund money to purchase Innotrac stock primarily from Innotrac officers and directors constituted a manipulative device, scheme or artifice in connection with the purchase or sale of securities. Dadante and Glantz enlisted the aid of H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia to perpetuate their manipulative, fraudulent scheme to accumulate Innotrac, Inc. stock paid for by IPOF Fund money. By virtue of their roles in knowingly using IPOF Fund money to purchase Innotrac stock primarily from Innotrac officers and directors at artificially high prices as described above, concealing vitally important facts from plaintiffs and then maintaining that Innotrac stock at an artificially high level, Dadante, Glantz, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia violated, among other provisions, Section 10 (b) of the Securities and Exchange Act of 1934, as amended, 15 U.S.C. 10j (b) and Securities and Exchange Commission Rule 10b-5, 17 C.F.R. 240.10b-5.
21. The shares of Innotrac purchased by Dadante with IPOF Fund money as a result of the manipulative device, scheme and artifice knowingly created and knowingly operated by Dadante, Glantz, Belgrade and La Verghetta,

H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia as alleged herein are now worth substantially less than Dadante had paid for those shares and due to the nature of the market and the demand for Innotrac stock those shares are virtually not salable. Since Dadante was improperly using IPOF fund money to purchase those Innotrac shares, the actual losers in the manipulative device, scheme and artifice used by Dadante, Glantz, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia as alleged herein are the plaintiffs who had deposited money with Dadante.

22. As a direct and proximate result of the unlawful activities of Dadante, Glantz, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia undertaken with scienter, as described herein, each of the plaintiffs has lost all of the money each of them deposited in the IPOF fund. Further, as a direct and proximate result of the unlawful activities of Dadante, Glantz, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia undertaken with scienter, as described herein, each of the plaintiffs has suffered additional economic losses and has been caused to suffer mental and physical pain, suffering, humiliation and anguish. Dadante, Glantz, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia are jointly and severally liable to each of the plaintiffs for the losses that each of the plaintiffs sustained as a direct and proximate result of the manipulative device, scheme, and artifice that

induced Dadante to purchase shares of Innotrac primarily from officers and directors of Innotrac at artificially high prices and then maintain those artificially high prices.

23. The actions of Dadante, Glantz, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia described herein were taken willfully, wantonly, maliciously and in reckless disregard for the rights of the plaintiffs.

COUNT TWO

(Violation of Section 20 (a) of the Securities Exchange Act of 1934, 15 U.S.C.

Section 78t (a) by Advest, Everin and FBW)

24. Plaintiffs reallege paragraphs 1 through 23 of this Complaint.
25. At various times material to this action and at all times during which the manipulative devices, schemes and fraudulent activities described in Count One above were operating, Advest and Everin were the employer of Glantz and FBW was the employer of Glantz, Belgrade and La Verghetta. Advest, Everin and FBW benefited economically in the form of substantial commissions generated from the massive amount of trading by Dadante in Innotrac stock. Advest and Everin were each a "control person" over Glantz and FBW was a "control person" over Glantz, Belgrade and La Verghetta. Advest, Everin and FBW knew or should have known that their employees, Glantz, Belgrade and La Verghetta,

were engaging in the manipulative device, scheme and artifice that violated Section 10b of the Securities and Exchange Act, 15 U.S.C.

Section 78(b) and Rule 10b-5, 17 C.F.R. 240.10b-5 that caused damage to the plaintiffs. Advest's, Everin's and FBW's failure to maintain control over and failure to properly supervise Glantz, Belgrade and La Verghetta included, but was not limited to, the following acts:

- a. Failing to investigate Glantz's background which investigation would have revealed Glantz's history of misconduct as a broker;
- b. Ignoring direct requests that Dadante's authority to purchase Innotrac shares be verified;
- c. Allowing such large purchases of a thinly traded stock by a single individual to continue for so long a period;
- d. Placing restrictions on the purchase of shares of Innotrac by Dadante then failing to enforce those restrictions, and
- e. Permitting Dadante to work directly through FBW's trading desk to accumulate Dadante's position in the Innotrac stock.

As relates to the trading by Dadante of Innotrac stock with IPOF Fund money, Advest, Everin and FBW did not act in good faith.

26. Advest, Everin and FBW as “control persons” as defined in Section 20 (a) of the Securities Exchange Act of 1934, 15 U.S.C. Section 78t (a), are jointly and severally liable with Glantz, Belgrade and La Verghetta for the economic losses and consequential damages each plaintiff suffered as a direct and proximate result of the manipulative device, scheme and artifice of Belgrade, La Verghetta and Glantz as alleged herein.

COUNT THREE

(RICO Violation)

27. Plaintiffs reallege paragraphs 1 through 26 of this Complaint.
28. Defendants Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia, in conjunction with Dadante and Glantz engaged in a pattern of racketeering activity as that term is defined by Federal Statute. Each time Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia participated in or facilitated the purchase of Innotrac stock by Dadante, Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia engaged in a predicate

violation of the Racketeering Influenced and Corporate Organization (“RICO”) Act, 18 U.S.C. Sections 1961 et seq. The predicate acts of Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia undertaken in violation of RICO caused each of the plaintiffs in this case to sustain injury. As a direct and proximate result of the RICO violations of Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia, each of the plaintiffs sustained personal economic injury due to the losses incurred by the IPOF fund attributable to purchases of Innotrac, Inc. stock.

29. Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia are each jointly and severally liable to each plaintiff pursuant to RICO in amounts equal to three (3) times that plaintiff’s losses attributable to the purchase of Innotrac, Inc. stock by the IPOF fund.

COUNT FOUR

(Common Law Fraud)

30. Plaintiffs reallege paragraphs 1 through 29 of this Complaint.
31. Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R. Block, McDonald, Merrill Lynch, Pershing and Wachovia by their

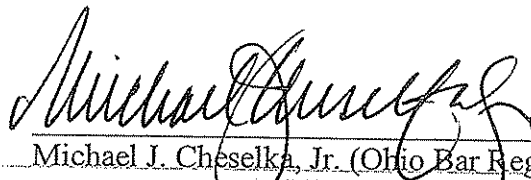
actions, individually and in concert with one another, as described herein knowingly defrauded each of the plaintiffs. Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia committed their fraudulent acts willfully, wantonly, maliciously and in reckless disregard for the rights of plaintiffs.

WHEREFORE plaintiffs request that this Honorable Court:

- a. Find that Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia violated Section 10 (b) of the Securities Exchange Act of 1934, 15 U.S.C. Section 78j (b), Rule 10b-5, 17 C.F.R. Section 240.10b-5, RICO, 18 U.S.C. Sections 1961 et seq. and committed fraud and that Advest, Everin and FBW violated Section 20 (a) of the Securities Exchange Act of 1934, 15 U.S.C. Section 78t (a);
- b. Grant each plaintiff judgment against Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia, jointly and severally, in an amount equal to the economic losses that each plaintiff has suffered;
- c. Grant each plaintiff judgment against Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill

Lynch, Pershing and Wachovia, jointly and severally, in an amount equal to three (3) times the economic losses each plaintiff has suffered;

- d. Grant each plaintiff judgment against Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia, jointly and severally, for compensatory damages to be determined at trial but in no event less than One Hundred Thousand Dollars (\$100,000.00) per plaintiff;
- e. Grant each plaintiff judgment against Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia, jointly and severally, for punitive damages to be determined at trial but in no event less than Two Hundred Fifty Thousand Dollars (\$250,000.00) per plaintiff;
- f. Grant each plaintiff judgment against Dadante, Glantz, Advest, Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia, jointly and severally, for interest on all sums found to be due to each plaintiff;
- g. Grant plaintiffs judgment against Dadante, Glantz, Advest Everin, FBW, Belgrade and La Verghetta, H & R Block, McDonald, Merrill Lynch, Pershing and Wachovia, jointly and severally, for the costs of this action including the reasonable attorney fees incurred by plaintiffs in the prosecution of this action, and
- h. Grant plaintiffs any further relief that this Court deems to be equitable and just.



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